

Line of Business Code(s): <i>Note: Under Washington law this is considered General Casualty Insurance</i>	Other Liability 17.0000	Line(s) of Insurance Contractual Liability Motor Vehicle Service Contract Reimbursement Policy	Code(s) 17.2004
REQUIREMENTS	LEGAL REFERENCE	DESCRIPTION	FORM & PAGE NUMBER
GENERAL REQUIREMENTS			
COPIES, RETURN ENVELOPES ETC.		2) 1 Copy for OIC; 1 Return Copy of Transmittals and Cover Letter. Self-addressed envelope. See instructions located at: http://www.insurance.wa.gov/publications/PandC/Form_Filing_Procedures.pdf	
COVER LETTER AND EXPLANATORY MEMORANDUM			
1. All Form Filings		All filing must state whether the program has applicable amendatory endorsements, and provide the form number and edition date for each of these endorsements.	
2. Revised Forms	WAC 284-58-250(4)	If any form being filed revises or replaces an existing form, the filing must both describe and provide the reason for the change. This may be done in an explanatory memorandum or a side-by-side comparison with and explanation of the changes.	
FILING SUBMISSION			
1. Effective Date Wording	RCW 48.18.103	Use and File. If an alternative effective date is desired, that date must be stated on the transmittal form.	
2. Form Numbers	WAC 284-58-250(3)	Policy forms and endorsements must have a unique identifying number and a way to distinguish new editions.	
3. Transmittal	WAC 284-58-250(1)	You must complete the NAIC Transmittal Forms PC TD-1 and PC FFS-1 according to the instructions located at: http://www.insurance.wa.gov/publications/PandC/PC_Instructions.pdf	
LINE OF AUTHORITY	RCW 48.11.070	General Casualty.	
THIRD PARTY FILERS AUTHORITY	RCW 48.19.160	Persons or entities not licensed as a rating organization may not file form on behalf of an insurer unless the insurer provides written authorization. The procedures may be found at http://www.insurance.wa.gov/publications/PandC/General_Filing_Requirements.pdf	

FORMS—POLICY PROVISIONS			
ACCESS TO COURTS	RCW 48.18.200	The State of Washington must be the state of jurisdiction in any action against an insurer.	
AGENT OF INSURER	RCW 48.110.110(1)	<ul style="list-style-type: none"> For purposes of obligating the insurer to service contract holders, service contract providers are agents of the insurer that issued the reimbursement insurance policy. If the consumer pays the provider fee to the service contract seller, service contract provider, or administrator, the consumer has paid the service contract provider <u>and</u> the insurer that issued the reimbursement insurance policy. 	
AMBIGUOUS & MISLEADING LANGUAGE - GENERALLY	RCW 48.18.110(1)(c)	Forms must not contain inconsistent, ambiguous or misleading language. A form is ambiguous if the language is fairly susceptible to two different but reasonable interpretations (see <i>Allstate Insurance Company v. Peasley</i> 131 Wn.2d 420; 932 P.2d 1244).	
APPLICATIONS	RCW 48.18.080 RCW 48.18.100	An application is not admissible as evidence in any action unless the application is a part of the policy. If the application is part of the policy, it must be filed.	
ARBITRATION	RCW 7.04A	Washington's Arbitration Act does not allow nonbinding arbitration (see <i>Godfrey vs. The Hartford Casualty Ins. Co.</i> 142 Wn. 2d 885, 16 P.3d 617).	
CANCELLATION & NON-RENEWAL			
1. Calculation of Unearned/Return Premium - Insurer Cancels	RCW 48.18.290(4)	Unearned premium must be refunded on a pro rata basis if the insurer cancels the policy. This law applies to insurer cancellation due to underwriting considerations and cancellation for non-payment of premium.	
2. Calculation of Unearned/Return Premium - Insured Cancels	RCW 48.18.300(2) RCW 48.18.190	Unearned premium must be refunded to the motor vehicle service contract provider cancels the reimbursement policy. The refund formula must be stated in the policy.	
3. Calculation of Unearned/Return Premium – Service Contract Holder Return Contract	RCW 48.110.075(4)(e)	<p>If a service contract holder returns the contract, the reimbursement policy insurer must refund to the provider:</p> <ul style="list-style-type: none"> The full premium contract if the holder cancels within thirty days; or Pro rata refund if canceled after thirty days. 	
4. Minimum Retained Premium	RCW 48.18.190 RCW 48.18.520	The insurer may not retain a minimum premium unless the insured cancels and the condition is in the policy. If the Insurer company cancels, the entire pro rata unearned premium must be returned (see RCW 48.18.290(4)).	

5. Notice of Cancellation	RCW 48.18.290	The insurer must provide at least forty-five days notice of cancellation (10 days for nonpayment of premium) to the named insured along with the actual reason for cancellation. Like notice of cancellation must also be sent to each mortgagee, pledgee or other person shown by the policy to have an interest in any loss which may occur under the policy.	
6. Notice to Commissioner	RCW 48.110.100	The reimbursement policy insurer must provide notice of cancellation or nonrenewal under RCW 48.18.290 to both the provider and the commissioner. Termination of a reimbursement insurance policy does not reduce the insurer's responsibility for service contracts issued by providers before the effective date of the cancellation or nonrenewal.	
7. Notice of Non-renewal	RCW 48.18.2901 RCW 48.18.140	If the insurance policy is renewable by its terms, it must include a nonrenewal condition to comply with RCW 48.18.2901 and RCW 48.18.140(2)(f). The insurer must provide at least 45 days notice of nonrenewal to the named insured along with the actual reason the policy will be nonrenewed.	
8. Required Policy Period	RCW 48.18.2901(4)	At least 6 months. May be continuously renewable.	
CONTENT OF POLICIES	RCW 48.18.140	<ul style="list-style-type: none"> • The insurance policy must contain: • The names of the parties to the contract. • The subject of the insurance. • The risk(s) insured against. • The time the insurance takes effect and the duration of the policy period. • The conditions that apply to the insurance. 	
COUNTERSIGNATURES	RCW 48.18.210	Not required, but policy must be executed by a facsimile signature of an officer, employee or representative of the company.	
DECLARATIONS PAGE	RCW 48.18.103	Blank declaration pages may be filed. Often used to meet the requirements of RCW 48.18.140 .	
DEFINITIONS	RCW 48.110.020	Reimbursement policies must be consistent with these definitions: <ul style="list-style-type: none"> • Motor vehicle: RCW 48.110.020(11) • Provider fee: RCW 48.110.020(14) • Reimbursement insurance policy: RCW 48.110.020(15) • Service contract: RCW 48.110.020(16) • Service contract holder: RCW 48.110.020(17) • Service contract provider: RCW 48.110.020(18) 	
DISCRIMINATION	RCW 48.18.480	Insurers must not unfairly discriminate between insureds or subjects of insurance having substantially like insuring, risk, and exposure factors, and expense elements, in the terms, conditions, or benefits payable under an insurance contract.	

DUTY TO DEFEND	RCW 48.18.110(1)(c)	An insurer's duty to defend is broader than its duty to indemnify. <u>Hayden v. Mutual. of Enumclaw Ins. Co.</u> , 141 Wn.2d 55, 64, 1 P.3d 1167. The duty to defend ends if a judgment or settlement is reached with the injured party or the permission of the insured is obtained. <u>Viking Ins. Co. v. Hill</u> , 57 Wn. App. 341, 348, 787 P.2d 1385 and <u>Farmers Ins. v. Romas</u> , 88 Wn. App. 801.	
EXCLUSIONS & LIMITATIONS			
Efficient Proximate Cause	RCW 48.18.110(1)(c)	The efficient proximate cause rule applies in Washington. It says if an "insured risk" sets into motion a chain of causation that leads to an uncovered loss, the policy must provide coverage. <u>Everett v American Empire Surplus Lines Ins. Co.</u> , 64 Wn. App. 83; 823 P.2d 1112; <u>Washington State Toll Bridge Authority v Aetna Insurance Co.</u> , 54 Wn. App. 400; 773 P.2d 906	
FRAUD AND MISREPRESENTATION	RCW 48.18.090(1)	The policy cannot be voided unless the insured or someone acting on the insured's behalf intentionally conceals or misrepresents a material fact or circumstance relating to the insurance. An oral or written misrepresentation or warranty may not void the contract unless it is made with the intent to deceive.	
GROUP POLICIES	RCW 48.18.140 RCW 48.18.190 RCW 48.18.520	Group or Master Policies are allowed. However, the Certificate of Insurance or other written instrument which comprises the insurance contract and is sold to Washington consumers is considered the policy and must contain the entire contract. Reference to a Master Policy (which the insured does not have) for terms and conditions is not acceptable.	
INSURING AGREEMENT			
1. General Requirements	RCW 48.110.060(1)	<ul style="list-style-type: none"> • Reimbursement insurance policies must state that the insurer will: • Reimburse or pay on behalf of the service contract provider all sums the service contract provider is legally obligated to pay, including but not limited to a refund of the full purchase price of the service contract to the service contract holder; or • Provide the service that the provider is legally obligated to perform according to the service contract. 	
2. Fully Insurer Obligations	RCW 48.110.060(2)	<ul style="list-style-type: none"> • The reimbursement insurance policy must fully insure the obligations of the service contract provider. The policy may not: • Partially insure the obligations of the provider; or • Insure only in the event of a default by service contract provider. 	
LOSS SETTLEMENTS			
1. Appraisal	WAC 284-30-330(18)	Insurers cannot compel an insured to submit to an appraisal or arbitration in the event of loss. You must attempt, in good faith, to	

		make prompt, fair and equitable settlements of claims in which liability has become reasonably clear.	
2. Action Against Company – Casualty	RCW 48.18.200(1)(c)	A person has one year from the time a cause of action accrues to bring an action against an insurer. <u>Safeco v Barcom</u> , 112 Wn.2d 575;733 P.2d 56 and <u>Schwindt v Commonwealth</u> , 140 Wn.2d 348;997 P.2d 353	
3. Direct Action Against Company	RCW 48.110.060(3)	Reimbursement insurance policies must allow the service contract holder to apply directly to the insurer for payment or performance due.	
4. Payment of Loss Time Period	WAC 284-30-330(16)	Unless other time limit is stated in the contract, claims must be paid within 15 business days after settlement has been reached. The maximum number of days that we will allow contracts to specify is 30 days (but not 30 business days)	
REBATES	RCW 48.30.140	Prohibited except for limited exceptions.	
SERVICE CONTRACTS—VEHICLE	Chapter 48.110 RCW	This chapter of the insurance code was enacted specifically to regulate service contracts and protection product guarantees.	Reference citation.
SUBROGATION	RCW 48.18.110(1)(c)	The insured is entitled to complete reimbursement for loss before the insurer is entitled to subrogation proceeds, and the insurer's right of subrogation must not exceed the extent of their payment. <u>Thiringer v. American Motors Ins. Co.</u> , 91 Wn.2nd 215. Bulletin 79-4	
VOIDANCE	RCW 48.18.090(1)	The insured or someone acting on the insured's behalf must intentionally conceal or misrepresent a material fact or circumstance relating to the insurance. An oral or written misrepresentation or warranty may not void the contract unless it is made with the intent to deceive.	
WARRANTIES	RCW 48.18.090	A misrepresentation or warranty cannot defeat or avoid the contract unless made with the intent to deceive.	